Pain at the Pump? Get Relief With These 3 Oil Stocks

Description

These days, Canadians are feeling pain at the pump. Gasoline prices are hitting record highs thanks to a supply-chain-fueled rally in oil prices. Recently, the price of gasoline crossed $2 per litre, as Canadians struggled with inflation.

There doesn't appear to be any end to the high prices in sight. The war in Ukraine is still ongoing, global supply chains are still jammed, and an end to China's lockdowns could bring new demand to the market. It's not a great picture for the consumer. But for the investor, there may be opportunities. In today's oil market, many top energy companies are making money hand over fist. Potentially, their shares could be good investments. In this article, I will explore three oil and gas stocks I would buy today.

Cenovus Energy

Cenovus Energy (TSX:CVE)(NYSE:CVE) is a Canadian E&P company that is involved in a range of exploration and production activities. It predominantly extracts and sells crude oil. It also sells gasoline to Canadian consumers through the Husky Energy gas station chain it recently acquired. CVE's most recent earnings release was a huge beat, with strong growth in revenue, earnings and cash flows. The company's management tripled the dividend on the strength of the release. Definitely a solid oil and gas play for an enterprising investor.

Pembina Pipeline

Turning now to midstream companies, we have **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). This is a company that makes money by transporting oil for customers. This is a pretty different business model than your average oil stock.

Pipelines don't sell oil (though they sometimes peg their transportation fees to oil prices), they instead charge shipping fees like railroads do. This business model doesn't thrive from high oil prices as much as E&P does, as revenue doesn't correlate with prices. Nevertheless, pipelines do benefit from bullishness in oil, as it results in their customers shipping more of it. At today's prices, you can snap up PPL at a 5.09% yield, which is fairly high. It's definitely a high-yield stock worth taking a look at.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is an oil and gas stock that I actually own myself. I bought this stock for reasons similar to those outlined in the section on Cenovus: it's an integrated energy company that makes more money the higher the price of oil goes. This year, oil prices are very high, and are likely to remain at least moderately high. The war in Ukraine and the global supply chain crisis are holding back supply, the eventual end to China's massive lockdown will increase demand.

Suncor Energy released its earnings just yesterday. The release showed strong growth in revenue, earnings and cash flows, as expected. Oil prices were over $100 most of last quarter, so it's no surprise that Suncor delivered. The only question now is whether oil prices will stay high enough for Suncor to keep on trucking.

To that I will simply point to the fact that Suncor reached $60 in 2018 and oil prices never went higher than $77 that year. On the whole, the macroeconomic environment looks very good for SU right now.

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2. NYSE:PBA (Pembina Pipeline Corporation)
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